ORDINANCE NO. 16-08

AUTHORIZING THE EXECUTION AND DELIVERY OF A FEE-IN-LIEU OF TAX AGREEMENT BY AND BETWEEN MCCORMICK COUNTY AND 1593359 ONTARIO INC. (DBA) PALACE FOODS WHEREBY MCCORMICK COUNTY WILL ENTER INTO A FEE-IN-LIEU OF TAXES ARRANGEMENT WITH 1593359 ONTARIO INC. (DBA) PALACE FOODS; PROVIDING FOR PAYMENT BY 1593359 ONTARIO INC. (DBA) PALACE FOODS OF CERTAIN FEES IN LIEU OF AD VALOREM TAXES; PROVIDING FOR CERTAIN SPECIAL SOURCE REVENUE OR INFRASTRUCTURE CREDITS; TO FURTHER AMEND THE MULTI-COUNTY INDUSTRIAL/BUSINESS PARK AGREEMENT BETWEEN MCCORMICK COUNTY, SOUTH CAROLINA AND ABBEVILLE COUNTY, SOUTH CAROLINA, PROVIDING FOR THE DEVELOPMENT OF A JOINTLY OWNED AND OPERATED INDUSTRIAL/BUSINESS PARK, SO AS TO INCLUDE ADDITIONAL PROPERTY IN MCCORMICK COUNTY AS PART OF THE PARK; PROVIDING FOR THE ALLOCATION OF FEE-IN-LIEU OF TAXES PAID BY 1593359 ONTARIO INC. (DBA) PALACE FOODS, UNDER THE MULTI-COUNTY INDUSTRIAL/BUSINESS PARK AGREEMENT; AND OTHER MATTERS RELATING THERETO.

WHEREAS, McCormick County, South Carolina (the “County”), acting by and through its County Council (the “County Council”) is authorized and empowered under and pursuant to the provisions of Title 12, Chapter 44 of the Code of Laws of South Carolina 1976, as amended (the “FILOT Act”), to designate real and tangible personal property as “economic development property” and to enter into an arrangement which provides for payment in lieu of taxes (“Negotiated FILOT Payments”) for a project qualifying under the FILOT Act; and

WHEREAS, the County, acting by and through the County Council, is authorized and empowered under and pursuant to the provisions of Title 4, Chapter 1 of the Code (the “MCIP Act”), to provide for payments in lieu of taxes (“PILOT Payments”) with respect to property situated or having a situs in a multi-county business or industrial park created under the MCIP Act, and pursuant to Section 4-1-175 and 4-29-68 of the Code (the “SSRC Act”), to permit investors to claim infrastructure or special source credits against their PILOT Payments (including any Negotiated FILOT Payments) to reimburse such investors for expenditures for infrastructure serving McCormick County and improved or unimproved real estate and personal property, including machinery and equipment, used or to be used in the operation of a manufacturing or commercial enterprise in order to enhance the economic development of McCormick County (“Infrastructure Improvements”), to facilitate the grant of infrastructure or special source revenue credits, and to provide certain enhanced tax credits to such investors; and

WHEREAS, in order to promote the economic welfare of the citizens of McCormick County and Abbeville County (collectively, the “the Counties”) by providing employment and other benefits to the citizens of the Counties, the Counties entered into an Agreement for Creation and Development of Joint County Industrial Business Park dated March 13, 1995 (the “Original Park Agreement”), to develop jointly an industrial and business park (the “Park”), as provided by Article VIII, Section 13 of the South Carolina Constitution and in accordance with the MCIP Act; and

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WHEREAS, the Original Park Agreement was initially approved by McCormick County Council Ordinance 95-02; and the Original Park Agreement was initially approved by Abbeville County Council Ordinance 95-01; and was further amended by the Counties from time-to-time to add property to the Park; and

WHEREAS, the Original Park Agreement, as amended, is referred to herein as the “Park Agreement,” and

WHEREAS, the Park Agreement contemplates the inclusion and removal of additional parcels within the Park from time to time; and

WHEREAS, 1593359 ONTARIO INC. (DBA) PALACE FOODS (previously identified as “Project MAAT”) (the “Company”), intends to locate a food products manufacturing facility in McCormick County (the “Project”); the Project is to be located on a site more fully described on the attached Exhibit A (the “Project Site”); and

WHEREAS, the Counties desire to amend the Park Agreement to include the Project Site as an inducement to the Company to locate the Project in McCormick County; and

WHEREAS, McCormick County and Abbeville County have agreed to a division of the revenues generated pursuant to this Ordinance and the amendment to the Park Agreement consisting of the PILOT Payments (including the Negotiated FILOT Payments) with respect to the Project, with McCormick County receiving 99% of the PILOT Payments revenue and Abbeville County receiving 1% of the PILOT Payments revenue; and

WHEREAS, the Project when completed will represent an anticipated “investment” (as defined in the FILOT Act) (the “Investment”) by the Company in the aggregate not less than $2,050,000 in real property (land and building) and $3,000,000 in tangible personal property (machinery and equipment) to be located at the Project Site; and

WHEREAS, the County has been advised that within two years of the completion of the Project, the Project is anticipated to employ approximately 34 new full-time employees; and

WHEREAS, the County is authorized to include the site of the Project Site within the Park pursuant to the MCIP Act and to provide special source revenue or infrastructure credits pursuant to the SSRC Act; and

WHEREAS, the Project is located entirely within McCormick County, and outside of the corporate limits of any municipality, and will be included in and subject to the multi-county park and fee-in-lieu of tax arrangements as described herein; and

WHEREAS, the County has made specific proposals, including proposals to offer certain economic development incentives set forth herein, for the purpose of inducing the Company to invest its funds to acquire and expand the Project (the “Incentives”); and
WHEREAS, it is in the public interest, for the public benefit, and in furtherance of the public purposes of the FILOT Act, the MCIP Act, and the SSRC Act that the County Council provide final approval for qualifying the Project under the FILOT Act, the MCIP Act, and the SSRC Act for the Incentives;

NOW, THEREFORE, BE IT ORDAINED by the County Council as follows:

Section 1. Evaluation of the Project. County Council have evaluated the Project on the following criteria based upon the advice and assistance of the South Carolina Department of Revenue and the Board of Economic Advisors:

(a) the purposes to be accomplished by the Project are proper governmental and public purposes;

(b) the anticipated dollar amount and nature of the investment to be made; and

(c) the anticipated costs and benefits to the County.

Section 2. Findings by County Council. Based upon information provided by and representations of the Company, County Council’s investigation of the Project, including the criteria described in Section 1 above, and the advice and assistance of the South Carolina Department of Revenue and the Board of Economic Advisors, as necessary, County Council hereby find that:

(a) the Project constitutes a “project” as that term is defined in the FILOT Act;

(b) the Project will serve the purposes of the FILOT Act, the SSRC Act, and the MCIP Act;

(c) the Investment by the Company in the Project will be approximately $5,050,000, all to be invested within the “investment period” (as defined in the FILOT Act); and the Company will employ 34 new full-time employees at the Project within two years of the completion of the Project;

(d) the Project will be located entirely within McCormick County and is anticipated to be located in the Park created pursuant to the MCIP Act;

(e) the Infrastructure Improvements to be financed or reimbursed from the SSRCs consist of infrastructure serving McCormick County and improved or unimproved real estate and personal property, including machinery and equipment, used or to be used in the operation of a manufacturing or commercial enterprise in order to enhance the economic development of McCormick County; and

(f) the Project is anticipated to benefit the general welfare of McCormick County by providing services, employment, or other public benefits not otherwise adequately provided locally;
(g) the Project gives rise to neither a pecuniary liability of the County nor a charge against its general credit or taxing power;

(h) the purposes to be accomplished by the Project are proper governmental and public purposes;

(i) the inducement of the location of the Project is of paramount importance; and

(j) the benefits of the Project to the public are greater than the cost to the public.

Section 3. Fee-in-Lieu of Taxes Arrangement. Pursuant to the authority of the FILOT Act, the Project is designated as “economic development property” under the FILOT Act and there is hereby authorized a fee-in-lieu of taxes arrangement with the Company pursuant to the terms of a Fee-in-lieu of Tax Agreement (the “FILOT Agreement”) which will provide Negotiated FILOT Payments to be made with respect to the Project based upon a 6% assessment ratio with the millage rate which is the lower of (a) the cumulative property tax millage rate levied on behalf of all taxing entities within which the Project is located on June 30 of the year preceding the calendar year in which the FILOT Agreement is executed or (b) the cumulative property tax millage rate levied on behalf of all taxing entities within which the Project is located on June 30 of the calendar year in which the FILOT Agreement is executed, such rate to be fixed for the entire 20-year term of the fee-in-lieu of taxes, all as more fully set forth in the FILOT Agreement.

Section 4. Multi-County Park Incentive.

(A) The County, in cooperation with Abbeville County, will designate the Project Site as a multi-county business park pursuant to Article VIII, Section 13 of the South Carolina Constitution, the MCIP Act, and the terms of the Park Agreement as amended by the Amendment to Park Agreement (the “Amendment to Park Agreement”) authorized hereby.

(B) The County will provide in the Amendment to Park Agreement for 20 years that the annual allocation of the PILOT Payments (including the Negotiated FILOT Payments as provided in Section 3 above) generated by the Project within the boundaries of the Park will be distributed (after distribution of 1% of the PILOT Payments to Abbeville County in accordance with the Park Agreement) as follows:

(i) To the County, for providing the SSRCs (as defined in Section 5 hereof), an amount equal to the annual SSRCs provided in Section 5 of this Ordinance and in the FILOT Agreement; and

(ii) Except as may otherwise be provided by ordinance of the County Council from time to time, the balance of the PILOT Payments to the County and the other overlapping taxing entities in McCormick County, in the same relative percentages as the relative millage rates imposed by such taxing entities for the applicable tax year.
(C) The form, terms, and provisions of the Amendment to Park Agreement presented to the meeting at which this Ordinance received third reading and filed with the Clerk of the County Council be and hereby are approved, and all of the terms, provisions, and conditions thereof are hereby incorporated herein by reference as if such Amendment to Park Agreement were set out in this Ordinance in its entirety. The Chairman of the County Council and the Clerk of the County Council be and they are hereby authorized and directed to execute and deliver the Amendment to Park Agreement in the name and on behalf of the County, and thereupon to cause the Amendment to Park Agreement to be delivered to Abbeville County. The Amendment to Park Agreement is to be in substantially the form before the meeting of County Council at which this Ordinance received third reading and hereby approved, or with any changes therein as shall not materially adversely affect the rights of the County thereunder, upon the advice of legal counsel, by the officials of the County executing the same, their execution thereof to constitute conclusive evidence of their approval of all changes therein from the form of Amendment to Park Agreement presented to said meeting.

Section 5. Special Source Revenue Credits.

(A) The County will provide to the Company an infrastructure or special source revenue incentive (the “SSRCs”) as follows: SSRCs against the PILOT Payments made with respect to Project (including all Negotiated FILOT Payments with respect to the Project) as provided for under the MCIP Act in the amount of 100% of the PILOT Payments (including Negotiated FILOT Payments) due in each of the first three (3) years after the Project is placed in service.

(B) The documents providing for the SSRCs shall include customary terms providing: (i) for the recovery by the County, on a pro rata basis, of certain moneys if certain thresholds are not achieved (a “clawback” provision); (ii) that the Company will pay the County’s administrative expenses associated with the approval and administration of the SSRCs; (iii) that under certain terms and conditions, the County will have access to certain information of the Company; and (iv) that the Company will indemnify and hold the County harmless for claims, losses, and damages with respect to the Project.

Section 6. Execution of the FILOT Agreement. The form, terms, and provisions of the FILOT Agreement presented to the meeting at which this Ordinance received third reading and filed with the Clerk of the County Council be and hereby are approved, and all of the terms, provisions, and conditions thereof are hereby incorporated herein by reference as if such FILOT Agreement were set out in this Ordinance in its entirety. The Chairman of the County Council and the Clerk of the County Council be and they are hereby authorized and directed to execute and deliver the FILOT Agreement in the name and on behalf of the County, and thereupon to cause the FILOT Agreement to be delivered to the Company. The FILOT Agreement is to be in substantially the form before the meeting of County Council at which this Ordinance received third reading and hereby approved, or with any changes therein as shall not materially adversely affect the rights of the County thereunder, upon the advice of legal counsel, by the officials of the County executing the same, their execution thereof to constitute conclusive evidence of their approval of all changes therein from the form of FILOT Agreement presented to said meeting.
Section 7. Miscellaneous.

(a) The Chairman and all other appropriate officials of the County are hereby authorized to execute, deliver, and receive any other agreements and documents as may be required by the County in order to carry out, give effect to, and consummate the transactions authorized by this Ordinance.

(b) This Ordinance shall be construed and interpreted in accordance with the laws of the State of South Carolina.

(c) This Ordinance shall become effective immediately upon approval following third reading by the County Council.

(d) The provisions of this Ordinance are hereby declared to be severable and if any section, phrase, or provision shall for any reason be declared by a court of competent jurisdiction to be invalid or unenforceable, that declaration shall not affect the validity of the remainder of the sections, phrases, and provisions hereunder.

(e) All ordinances, resolutions, and parts thereof in conflict herewith are, to the extent of the conflict, hereby repealed.

McCORMICK COUNTY, SOUTH CAROLINA

By: [Signature]
Chairman, County Council of McCormick County, South Carolina

ATTEST:

[Signature]
Clerk to County Council
McCormick County, South Carolina

First Reading: October 27, 2016
Second Reading: November 10, 2016
Public Hearing: December 20, 2016
Third Reading: December 20, 2016
EXHIBIT A

PROJECT SITE

Tax Map ID Number 155-00-00-057 155-00-00-051

Official Address 8399 SC highway 28S

McCormick County Industrial/Technology Park Hwy 221/28 Plum Branch, SC 29835